



As I see

OUR INCREASING POPULATION

TIME and time again in reading current economic literature I have come across the statement that our rapidly increasing population ensures our prosperity and that our boom will continue because the market is expanding so rapidly. This assumption is usually stated as a truism, so self-evident that it requires no proof.

Each time that I have come across this statement I have been disturbed to think that this is so generally accepted when there is no proof that it is true. Historically, falling standards of living have accompanied rapidly growing populations. In fact, one whole school of economic thought in the past was based primarily on the fact that there is a tendency for population to increase faster than the supply of the basic means of supporting the increase, with the result that the natural tendency is to bring about lower standards of living. This is known as "the Malthusian Doctrine."

Succeeding economists carried this thought one step further and said that population would have a tendency to increase until unskilled labor at the lower end of the scale could never expect more than a bare subsistence. This became known as "the iron law of wages." Thomas Malthus was the first economist to express the relationship between the rates of increase of population and of the means of sustenance. He pointed out that there is a tendency for populations to increase geometrically while the means of sustenance increase arithmetically, putting a constant pressure on the food supply.

Of course, Thomas Malthus did not foresee the tremendous increase in producing capacity which would come in the United States, made possible largely by the use of labor-saving machinery. This increase can be measured quite accurately by the amount of horsepower used per capita. In 1899 in the United States there was only one-half of one horsepower per capita. At the present time we have 39 horsepower per capita, or more than six billion horsepower in use in this country. The average housewife in the United States in terms of her electric-motored appliances has the equivalent in energy of 35 able-bodied servants. If all of the horsepower in the United States is parceled out on a per capita basis, every man, woman and child in the United States would have at his disposal the work equivalent of about 782 men, on the engineering formula that one horsepower equals the steady work of 20 men.

Back in the early part of the nineteenth century five farmers could raise enough food for themselves and one other person. Now, one farmer can raise enough food for himself and six other persons. We are using more than 115 million horsepower on American farms and this, together with the improvement in seeds, plant feeding, and other agricultural and chemical improvements, has brought about a possibility of supporting a far larger number of people than we could otherwise expect to support.

The increase in our producing capacity has not destroyed, however, the fundamental relationship between the rates of increase of population and of food. The fact still remains that the more rapidly a population increases, everything else being equal, the greater will be the drop in the standards of living.

Of course, this principle was worked out originally by "armchair philosophers." At the time that the Malthusian Doctrine was first promulgated, the science of statistics was more or less in its infancy, and only crude mathematical measurements were obtainable to form a basis for intellectual reasonings and conclusions.

Let us tackle this problem from a totally different angle. While the United States Census has never done a perfect job, the enumeration of the population of the United States each 10 years has always been done in a careful and workman-like manner. The enumeration of the population by the United States Census is provided for in the Constitution itself, and this enumeration has been made each 10 years from 1790 to the present.

Undoubtedly, some of the figures accumulated by the census on detailed characteristics of the population might lack the same degree of accuracy which we think the overall figures contain, but let us confine ourselves primarily to these overall figures.

The table on the opposite page shows the total population of the United States, the urban population, and the rural population. It also shows total families, urban families, and rural families. The red figures in this table show the percentage change in each type of population for each 10-year period. For instance, it will be seen that from 1790 to 1800 the total population increased by roughly 35%, the rural population by about 34%, but the urban population increased by about 60%. The growth from 1940 to 1950, which is supposed to ensure our prosperity, is 14.5% for total population, -5.3% for rural population, and approximately 30% for urban population.

It is rather interesting to take specific periods in the past in which major collapses occurred in our economy (particularly in the real estate field), and compare the rates of population growth in these periods with the present. The first period of this kind I would like to point out is the period that accompanied and followed the depression of 1837. This was particularly severe throughout the entire economy and was so drastic insofar as real estate was concerned that the Mayor of New York in one of his official messages made the statement: "God

POPULATION IN UNITED STATES 1790-1950

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Census Year	Total Population		Urban Population		Rural Population		Total Families		Urban Families		Rural Families	
	Number	Change	Number	Change	Number	Change	Number	Change	Number	Change	Number	Change
1790	3,929,214		131,472		3,797,742							
1800	5,308,483	+35.1	210,873	+59.9	5,097,610	+33.8						
1810	7,239,881	36.4	356,920	63.0	6,882,961	34.7						
1820	9,638,453	33.1	475,135	31.9	9,163,318	33.2						
1830	12,866,020	33.5	964,509	62.6	12,001,511	31.2						
1840	17,069,453	32.7	1,453,994	63.7	15,615,459	29.7						
1850	23,191,876	35.9	2,897,586	92.1	20,294,290	29.1	3,598,240					
1860	31,443,321	35.6	5,072,256	75.4	26,371,065	28.4	5,210,934	+44.9				
1870	38,558,371	22.6	8,071,875	59.3	30,486,496	13.6	7,579,363	45.5				
1880	50,155,783	30.1	14,772,438	42.7	35,383,345	25.7	9,945,916	31.2				
1890	62,947,714	25.5	22,720,223	56.5	40,227,491	13.4	12,690,152	27.6	4,591,490			
1900	75,994,575	20.7	30,797,185	36.4	45,197,390	12.2	16,187,715	25.8	6,809,058	+43.9		
1910	91,972,266	21.0	42,623,383	39.3	49,348,883	9.0	20,255,555	26.9	9,499,765	43.8	10,755,790	12.3
1920	105,710,620	14.9	54,304,603	29.0	51,406,017	3.2	24,351,676	20.2	12,803,047	34.8	11,548,629	7.4
1930	122,775,046	16.1	68,954,823	27.3	53,820,223	4.4	29,904,663	22.8	17,372,524	35.7	12,572,139	8.5
1940	131,669,275	7.2	74,421,133	7.9	57,248,142	6.4	34,861,625	16.6	20,598,505	18.6	14,263,119	13.8
1950	150,697,361	14.5	88,927,464	19.5	61,769,897	7.9	42,857,335	22.9				
											28,509,435	38.2
											54,229,675	-5.3
											14,347,900	0.6

- Old urban definition.
- New urban definition.

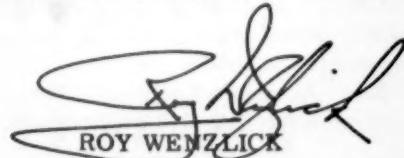
Kew Urban Geomorph.

help the owners of real estate." However, on referring to our table, we find that during this period, total population increased by approximately 33%, rural population increased by approximately 30%, and urban population increased by approximately 64%. All percentages, it will be noticed, are more than double the rate of increase which we are now experiencing.

The next calamitous time started with the depression of 1873 and reached its peak, insofar as real estate distress was concerned, in 1878, when in August our index of the number of foreclosures per 100,000 families reached 117, in comparison with a high in February 1933 of 85. It will be noticed that the foreclosure peak reached in the depression of the seventies was 38% higher than the peak reached in the recent great depression. Turning back to our table, however, we find that from 1870 to 1880 total population increased by more than 30%, rural population by about 26%, and urban population by about 43%. While these percentages are not double the present percentages, they are far and above any rate of population increase which we are experiencing today.

The great depression of the thirties started in 1929, in spite of the fact that from 1920 to 1930 our total population increased by more than 16%, our rural population increased by more than 4%, and our urban population increased by more than 27%. These percentages are not greatly different from the percentages we have experienced in the last census period, with the exception of rural population, which increased rapidly in that period and which has actually been shrinking in the period we have just come through. If we make the comparison on the basis of the increase in urban families or in total families, we will again find that the period which immediately preceded the great depression of the thirties had figures almost exactly comparable with the figures for the present.

I am not implying in the foregoing illustrations that the severe depressions I have pointed out were due to the high birth rates in the periods which accompanied them, but I am insisting that the rapid increase in population in those periods did not prevent the depressions. I would like to point out, also, that the rapid increase in our population today is rapid only in comparison with the extremely slow rate of increase in the period from 1930 to 1940. I certainly would not say that the present rate of population increase in the United States will bring on a big depression, but again I would like to emphasize that an increase as rapid as we are having now, or more rapid, has never yet prevented an economic readjustment. Over a long period of years it is not the number of consumers in a country which produces prosperity, but the per capita production. Everything else being equal, the larger the number of consumers, the smaller will be the share of each individual consumer. If prosperity could be ensured by a large number of consumers, India and China would be the most prosperous of all countries.



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